

The Ukrainian Parliament improved competitive conditions for the production of electricity from renewable sources

On 10 February 2026, the Ukrainian Parliament adopted [Law No. 4777-IX](#) «On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of the Functioning of Energy Markets, Competitive Conditions for the Production of Electricity from Alternative Energy Sources, and Strengthening Energy Resilience». The Law entered into force on 11 March 2026, except for certain provisions that apply from 1 January 2026.

The Law introduces a number of comprehensive changes to the regulation of the renewable energy market and the electricity sector in general. In particular, amendments were made to the Law of Ukraine «On Alternative Energy Sources» and the Law of Ukraine «On the Electricity Market».

The main innovations pertain to the updating of the renewable energy support mechanism and the auction model, the introduction of flexible grid connection, clarification of the rules for the functioning of energy storage installations, improvement of the system of guarantees of origin of electricity, as well as expansion of opportunities for the development of distributed generation. Key Changes to the Law «On Alternative Energy Sources»

Extension of the Duration of the Auction Model

Auctions for the allocation of support quotas have been extended until 31 December 2034.

Update of the Support Quota System and the Auction Model

The approach to the formation and distribution of annual support quotas has been updated. Estimated forecast indicators of annual quotas are determined only within the period of holding auctions (until 31 December 2029). The Cabinet of Ministers of Ukraine has been granted the right to establish additional annual quotas during the year with simultaneous adjustment of the auction schedule.

It is also established that one entity (together with affiliated persons) may receive no more than 50% of the total annual and additional quota. The Guaranteed Buyer has been granted the right to refuse to sign the protocol or the contract if the winner exceeds 50% of the quota.

Redistribution of Minimum Quota Shares:

The annual support quota is distributed among individual types of alternative energy sources, while the size of the respective share for the specified categories of electricity facilities may not be less than the percentage established by law.

- solar energy facilities – reduced from 10% to 5%
- wind energy facilities – reduced from 10% to 5%
- for other types of alternative energy sources (except wind energy, solar radiation energy, blast furnace and coke oven gases, and with the use of hydropower – generated only by micro-, mini- and small hydropower plants) – reduced from 10% to 5%

At the same time, a separate minimum share of 10% is provided for solar power plants with energy storage installations. For such projects, the following technical requirements are established:

- the capacity of the energy storage installation – not less than 80% of the total installed generation capacity
- capacity – not less than 2 kWh per 1 kW of the capacity of solar generating installations
- mandatory establishment of daytime time intervals that provide for the absence of support under the market premium mechanism for two consecutive hours during the period from 10:00 to 16:00

A maximum price bid of an auction participant for the allocation of a part of the support quota for solar energy facilities with energy storage installations is also established at the level of 12 eurocents/kWh.

Financial Security for Participation in Auctions

The Law expands the forms of financial security: in addition to a bank guarantee, the possibility of providing financial security in the form of a cash guarantee contribution is provided for – 5 euros/kW (in the hryvnia equivalent) to the account of the Guaranteed Buyer or an escrow account.

The rules for return and enforcement, which previously applied only to the bank guarantee, have also been extended to financial security, in particular with regard to the time limits for return to participants and the winner, and the cases of enforcement of the security in the event of refusal to sign the protocol or the contract.

Fulfilment of Obligations Based on the Results of the Auction

The amount of performance security under the contract has been reduced:

- the main performance security under the contract is established at the level of 10 euros per 1 kW of capacity (instead of 15 euros)
- in the event of a one-time extension of the construction period for 12 months, the additional security also amounts to 10 euros per 1 kW (instead of 30 euros)

For the winner of the auction, the contract must provide for the obligation:

- to ensure not only the construction and commissioning, but also the connection to the transmission or distribution system
- within 12 months to provide a copy of the connection agreement or capacity booking agreement

The time limits for commissioning and connection the facility have been differentiated depending on the type of generation and the conditions of martial law:

- for solar generation facilities – 18 months from the date of conclusion of the contract
- for electricity facilities operating on other alternative energy sources (except for electricity facilities that generate electricity from solar radiation energy) – 36 months from the date of conclusion of the contract, but if the contract is concluded during the period of martial law, the period for such facilities is increased to 42 months

A deviation of the installed capacity by $\pm 10\%$ shall not be considered a violation of the terms of the contract for the provision of the service under the market premium mechanism.

The period for the provision of support remains unchanged – 12 years from the first day of the calendar month following the submission of the documents specified by law.

Guarantees of Origin of Electricity

The creation and maintenance of the register of guarantees of origin is carried out without the application of the Law «On Public Electronic Registers».

The following are established:

- mandatory indication of the environmental value indicator for guarantees issued in Ukraine
- expansion of the powers of the National Energy and Utilities Regulatory Commission regarding verification of data
- the circulation of guarantees remains free, but the provision on export/import under foreign economic agreements has been removed

Producers that receive a «green» tariff or a market premium (in the balancing group of the Guaranteed Buyer) are obliged to transfer guarantees of origin to the Guaranteed Buyer free of charge.

A mechanism for the mutual recognition of guarantees of origin with EU Member States and the Contracting Parties of the Energy Community has been introduced on the basis of reciprocity. The Law supplements the powers of the National Energy and Utilities Regulatory Commission with the right to approve and amend the Ukraine domain protocol – a document that defines the rules for the functioning of the system of issuance, circulation and cancellation of guarantees of

origin of electricity from renewable sources – with the aim of ensuring Ukraine's acquisition of full membership in the Association of Issuing Bodies.

Development of Electric Charging Station Infrastructure

Additional instruments for stimulating the production and consumption of energy from alternative sources have been introduced. Local self-government bodies have been granted the right to ensure the free-of-charge laying of cable lines from transformer substations to electric charging stations with a capacity of up to 200 kW, to finance such works and project documentation at the expense of local budgets, including through municipal enterprises.

Approvals and permits for the implementation of such projects must be granted on a priority basis – no more than 15 working days.

Self-Generation: Possibility of Settlements without Netting

The general rule of unilateral netting of the value of electricity supplied and electricity consumed by the supplier has been retained. At the same time, it is specified that the electricity purchase and sale agreement under the self-generation mechanism, concluded with an active consumer – a business entity applying the simplified taxation system, must provide for the possibility of carrying out settlements without the application of netting.

Key Changes to the Law «On the Electricity Market»

The definitions of the following terms have been clarified: permitted capacity; users of the transmission/distribution system; connection of an electrical installation; unauthorized offtake of electricity.

Flexible Connection

The concept of «flexible connection» has been introduced – the connection of electrical installations to the transmission system or the distribution system that includes conditions for limiting the permitted capacity, as well as measures for controlling such limitation. The permitted capacity within a flexible connection may be partially guaranteed, i.e. available for use at any time.

The customer has the right to initiate a flexible connection as an alternative to network reconstruction. The TSO/DSO may not refuse in the event of submission of the relevant proposal.

The installation of automatic technical means of limitation and their application on both a temporary and permanent basis is provided for.

Extension of the Single Connection Point Regime and Clarification of Licensing Rules

The single connection point regime has been extended not only to generation, but also to the storage and consumption of electricity. At the same time, limitations are provided both with respect to the capacity of electricity injection and the capacity of electricity offtake at the connection point, and the list of entities that may connect to the networks of another entity has also been expanded (in particular operators of energy storage installations and consumers).

It is established that the right to connect additional generating installations does not apply to facilities that use state support mechanisms (in particular, the «green» tariff or the market premium) if this leads to an increase in their capacity.

The approach to determining the obligation to obtain a licence has also been clarified: the total installed capacity of all electrical installations located at one metering site and connected to the networks of one entity is taken into account, regardless of their owner.

Clarification of Provisions Regarding Electricity Offtake and Injection

In a number of provisions, the consideration of the capacity of electricity offtake and/or injection has been clarified.

In particular, the technical conditions for connection must take into account the requested capacity of offtake and/or injection at the connection point, and the component of the fee for non-standard connection is determined as the amount obtained as a result of multiplying the value of the additionally requested capacity of offtake and/or injection and the rate of the fee for non-standard connection of capacity.

Biomass/Biogas: Electricity Supply for Own Needs and for Affiliated Persons

For producers from biomass and biogas, the possibility of electricity supply to self-consumption installations and electrical installations of affiliated persons through internal electricity supply networks has been expanded, in particular in cases where the facilities are separated by other land plots used by affiliated persons, or by land plots on which linear structures are located (roads, railways, pipelines, etc.).

Electricity supply to electrical installations of affiliated persons in such cases is not considered the supply of electricity to a consumer within the meaning of the Law and does not require obtaining a licence for carrying out economic activity for the supply of electricity to a consumer.

Energy Storage Installations

The conditions for the use of energy storage installations by a producer have been clarified: the offtake of electricity by an energy storage installation is possible without a storage licence provided that the total capacity of injection at the connection point does not exceed the existing permitted injection capacity of the producer (except for the cases defined by part eight of Article 71 of the Law «On the Electricity Market»). In case it is necessary to increase the permitted capacities of offtake/injection, the connection procedure shall apply.

It is established that energy storage activity is subject to licensing if the installed capacity of energy storage installations at one metering site exceeds 5 MW; at the same time, the licence is determined based on the installed capacity of the facility, rather than on the requested/permitted connection capacity.

Additional regulation has been introduced regarding the calculation of charges for network services when electricity is taken by energy storage installations: charges for transmission, distribution and dispatching are calculated at the commercial metering point based on the volume of the difference between monthly offtake and monthly injection. At the same time, for determining the volumes of offtake and injection, only the volumes of electricity taken from the external network and injected into the external network at the connection point of the facility are taken into account.

Injection and/or offtake of electricity by an energy storage installation is carried out exclusively within the permitted capacity of offtake and/or injection at the connection point. The operator of the energy storage installation has the right to use electrical installations intended for the generation of electricity (for charging energy storage installations) without obtaining a generation licence provided that the total capacity does not exceed the existing permitted capacity of offtake and injection at the connection point and that separate commercial metering is in place.

Right of the Operator of an Energy Storage Installation to Provide Electricity Supply to a Consumer

It is provided that the operator of an energy storage installation has the right to provide electricity supply to electrical installations of a consumer that have a common connection point to the networks of the TSO or DSO, provided that commercial metering is organized. The sale of electricity to the consumer is carried out under a purchase and sale agreement and does not require a supply licence.

Termination of Power Supply and Unauthorized Offtake of Electricity

The TSO and DSO are obliged to terminate the power supply of an electrical installation in the event of unauthorized offtake of electricity without prior notice to the consumer. At the same

time, the consumer is obliged to cease offtake in the event of receiving a notice on termination of supply/distribution from the date specified in such notice.

Solar Electricity: Time Limits of the «Green» Tariff

The Guaranteed Buyer purchases electricity under the «green» tariff generated from solar radiation energy only during the periods from 4:00 to 23:00 (1 April – 31 October) and from 6:00 to 21:00 (1 November – 31 March) at electricity facilities or their construction phases (start-up complexes) that are included and not included in the balancing group of the Guaranteed Buyer, as well as at the facilities of business entities that, as a result of the auction, acquired the right to support under the market premium mechanism. The specified time limitations do not apply to electricity injected from an energy storage installation as part of such an electricity facility.

Similar time limitations are applied by the Guaranteed Buyer when purchasing electricity under the «green» tariff generated from solar radiation energy by generating installations of private households.

The Guaranteed Buyer carries out the purchase of the excess volume of electricity that may be injected by an electricity facility or a construction phase thereof (start-up complex) in each settlement period (hour) in accordance with the installed capacity of the electricity generating equipment specified in the electricity generation license of the business entity to which the «green» tariff has been granted and whose electricity facilities are included in the balancing group of the Guaranteed Buyer, at the price of the positive imbalance value formed for the respective settlement period (hour), in accordance with the market rules.

Market Premium

The provision on the obligation of the producer to pay the Guaranteed Buyer the cost of the service under the market premium mechanism in the event that the calculated market price exceeds the auction price (taking into account the premium) has been removed.

Bilateral Contracts for Distributed Generation

It has been clarified that the requirement to sell electricity under bilateral contracts exclusively at electronic auctions does not apply to producers of distributed generation; they have the right to sell electricity under bilateral contracts at electronic auctions on a voluntary basis.

Imports on the Day-Ahead Market

The non-application to importers of the requirement regarding the minimum mandatory monthly volume of electricity sales on the day-ahead market (not less than 10% of the monthly sales volume) has been extended until 1 April 2026.

Renewable Energy Sources in Temporarily Occupied Territories: Metering and Settlements

For the period of martial law and for one year after its termination/cancellation, the formation by the TSO of a register of electricity facilities from alternative energy sources (except blast furnace and coke oven gases, and with the use of hydropower – only micro-, mini- and small hydropower plants) located in temporarily occupied territories is provided.

For such facilities, a special procedure for commercial metering and settlements has been established, including adjustments and the return of funds for periods of absence of injection to the controlled part of the Integrated Power System of Ukraine, as well as the possibility of unilateral set-off of debts by the Guaranteed Buyer.

Compensation for damages to producers as a result of temporary occupation is assigned to the Russian Federation as the occupying state.

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